GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:2481
ANSWERED ON:17.03.2008
FINANCIAL PACKAGE TO EXPORTERS
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of TEXTILES be pleased to state:

(a) the details of financial package so far provided to the exporter due to appreciation of rupee;

(b) whether the Government has any proposal to provide 500 crore fresh package to exporters;

(c) if so, the details thereof; and

(d) the steps taken by the Government to enable the exporters to achieve their targets and to make them internationally competitive?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a): The Government, has announced several relief measures to support the textiles industry, which has been representing that textile exports have been affected by the appreciation of the value of rupee vis-Ã -vis the US Dollar. These measures include the following: -
I.

(a) Reduction in custom duty on Polyester filament yarns and polyester staple fibres from 7.5% to 5%.

(b) Reduction in custom duty on other man made filament yarns namely, acrylic, viscose etc (excluding nylon filament yarns) from 10% to 5%.

(c) Reduction in custom duty on other man made staples fibres namely, acrylic viscose etc (excluding nylon staple fibres) from 10% to 5%,

(d) Reduction in custom duty on spun yarns of man made staple fibres and filament yarns (excluding nylon fibres) from 10% to 5%.

(e) Reduction in custom duty on Polyester chips from 7.5% to 5%.

(f) Fibre intermediates viz Dimethyl terephthalate (DMT), Pure terephthalic acid (PTA), and Mono ethylene glycol (MEG) from 7.5% to 5%; and

(g) Para-xylene from 2% to zero.

(h) Exemptions have been granted on service tax in respect of cleaning services (fumigation) and warehousing services.

II. DEPB rates were enhanced by 3% for 9 sectors including textiles (also handlooms), RMGs and handicrafts. For other items, DEPB rates were enhanced by 2%.

III. ECGC premium reduced by 10%.

IV. Immediate refund of terminal Excise Duty has been ordered; V. Concessional export credit with extended periodical coverage has been effected;

VI. Refund of Service Tax in various sectors related to exports of goods, have been notified.

VII. Amount of Rs.600 crore released for clearing arrears of CST reimbursement and terminal excise duty.

VIII. Duty drawback rates enhanced by 10-40% of the existing rates.

IX. Subvention on credit rate allowed upto 2%.

(b) & (c): There is no such proposal

(d): The following steps have been taken to enable the exporters to achieve their targets and to make them internationally

competitive:-

(i) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1-4-1999 to facilitate the modernisation and upgradation of the sector. The TUFS has been extended to cover the XI five year Plan period. For the speedy modernisation of the textiles processing sector, Government has introduced, w.e.f 20.4.2005, a credit linked capital subsidy scheme @10% under TUFS, in addition to the existing 5% interest reimbursement.

(ii) The fiscal duty structure has been generally rationalised to achieve growth and maximum value addition within the country. Except for mandatory excise duty on man-made filament yarns and man-made staple fibres, the whole value addition chain has been given the option of excise exemption.

(iii) The import of specified textiles and garment machinery has been allowed at a concessional rate of customs duty to encourage investment and to make our textiles product competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.

(iv) The duty-free import of 21 items of trimmings and embellishment items is allowed to garment exporters. This can be upto 3% of their actual export performance during the previous year.

(v) The entire textile sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty in 2004-05. In 2005-06 Central Value-aided Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(vi) To facilitate import of state of the art textiles machinery for manufacturing internationally competitive product in post quota regime, the customs duty on textile machinery has been brought down to 10% in 2005-06 except 23 machinery appearing in List 49 which attracts Basic Customs Duty (BCD) of 15%.

(vii) Government has launched the Debt Restructuring Scheme w.e.f. Sept., 2003 with the principal objective to permit banks to lend to the textile sector at concessional rates of interest.